

OPENING STATEMENT OF
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SUBCOMMITTEE ON OVERSIGHT & INVESTIGATIONS
“PROGRESS SINCE 9/11: THE EFFECTIVENESS OF U.S.
ANTI-TERRORIST FINANCING EFFORTS”
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Good afternoon, Chairwoman Kelly, and thank you for holding this timely hearing.

I will be brief since the purpose of this hearing is to get an update from the agencies and experts that have been instrumental in the fight against international money laundering and terrorist financing.

Our fight against terrorist financing is a broad-based effort extending well beyond the al-Qaeda network. In today's global marketplace, it means nothing to build a concerted effort between financial institutions and law enforcement agencies at home without instituting similar actions abroad.

Enhancing international cooperation between local agencies and countries around the world is essential to eliminating terrorist networks and to winning the fight against international money laundering practices.

The USA PATRIOT Act was a critical step in giving our enforcement personnel the necessary anti-money laundering provisions to fight terrorists by blocking the schemes used to finance their horrific crimes.

Attorney General Ashcroft recently said that \$124 million in financial assets belonging to terrorist groups, including al-Qaeda, have been frozen since the September 11th attacks.

Although we have made progress, we have much work ahead of us.

We do not know whether the frozen assets represent most or just a small percentage of the pool of potential money that could be used to finance terrorism around the globe.

In order to truly stop terrorism, we need to strengthen the cooperation, coordination and the sharing of information between agencies and with the public and private sector.

Encouraging information sharing and collaboration among local, state, federal and international law

enforcement also is critical to eliminating al-Qaeda and other terrorist cells.

And we need to ensure that our priorities concentrate equally on both prevention and response. State and local governments need to have the capacity and resources to respond to the threat of terrorism, especially since they serve as our nation's first responders.

Proper training, technical assistance and support is critical to achieving this goal.

Before I conclude, I would like to urge Treasury to expeditiously complete the provisions that have yet to be promulgated, particularly those dealing with verification of identification.

A recent General Accounting Office study requested by Chairwoman Kelly and myself regarding the use of Treasury's Electronic Funds Transfer and Electronic Transfer Account programs found that about 11 million federal benefit recipients, about half of those who receive checks, were unbanked.

More shocking, the study found that approximately 55.8 million U.S. adults are currently unbanked. That is 28 percent of all U.S. adults.

GAO also found that the primary obstacle to using electronic funds transfers was that many federal check recipients did not have bank accounts.

We all know that without access to banking services, individuals are forced to turn to payday lenders and check cashing vendors who very often charge exorbitant fees for their services, with interest rates often reaching 500 percent.

The inability to enter the banking system results in a higher cost of borrowing and a lack of access to home mortgages and other basic services. The individuals forced to use these institutions are also more susceptible to crime and theft.

The proposed rule requires a financial institution to contain statutorily prescribed procedures. It describes them and details certain minimum elements that each must contain.

The procedures, as proposed by Treasury, require important elements that will further safeguard our banking system from terrorist financing and, at the same time, will not hinder the ability of unbanked individuals to access our financial institutions.

I look forward to the testimonies that will be presented today. Thank you Madame Chair.